

VIA: \_\_\_\_\_  
(SPECIFY AIR OR SEA POUCH)

DI. JCH NO. EGG-A-31435

TO : Chief, EE  
Attn: E 1  
FROM : Chief of Mission, Frankfurt

DATE: 10-1-68

INFO: ☒ KUSODA

SUBJECT: GENERAL— Operational/CARALLETTA 2

SPECIFIC— Progress Report, July - November 1953

REFS: (1) EGQA-8912 dated 14 July 1953  
(2) EGQA-21606 dated 27 July 1953

1. Synopsis: CABALLETTA 2 has not been out in on CABARIC Project; he will continue under control of the Security Branch until his emigration to the United States (if successful) sometime in 1954. Headquarters assistance may be requested in the event CABALLETTA 2 fails to find sponsorship under the new refugee quota or if he is ineligible under the new quota. He plans to complete his architecture studies in June 1954. His reports are improving but are incomplete; they still require review upon submission. Washington action required: Advise allotment account number of CABALLETTA 2's budget and adjust the misallocation of \$800.00 for CABALLETTA 2 to the CABARIC Project budget. See paragraph 12 below.

2. References: Reference (1), written by [ ] [ ], set forth Headquarters' views regarding the use of CABALLETTA 2 within CABARIC Project. [ ] [ ] concluded that CABALLETTA 2 should not be utilized on a long range basis within the CABARIC framework. Reference (2), written by [ ] [ ], Chief, COM CART Section, concurred with the conclusions reached by [ ] [ ]. [ ] [ ] opposed using CABALLETTA 2 in any other capacity in Germanvin view of CABALLETTA 2's close personal friendship with [ ] [ ]; [ ] [ ] stated that measures would be initiated to assist CABALLETTA 2's emigration to the United States.

3. Present Status: Inasmuch as CABALLETTA 2 was not to be utilized in long range CABARIC work, [ ] felt that he should not be "cut in" on CABARIC assets, and the Chief, Security Branch, agreed that CABALLETTA 2 should remain under the control of the Security Branch. Thus, CABALLETTA 2 has not been exposed to CABARIC operations. He has continued making police records checks and neighborhood investigations on non-agent German Mission personnel, on suspected security threats to German Mission operations, on certain individuals of GART interest, and on special requests from Washington and KUEBARK field stations for investigative action. It is intended that CABALLETTA 2 will continue to be utilized as outlined above until his planned emigration to the United States some time in 1954. For purposes of illustration CABALLETTA 2's current case load is outlined below:

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MAR. 1949

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a. Investigation of an individual suspected by [ ] as having Comintern and Spanish Communist connections. [ ] requested, per [ ] 4392 of 18 November 1953 that the German Mission verify the individual's present address, employment, and any other background information submitted.

b. Investigation of possible derogatory Mission traces on an individual employed in a service capacity by the German Mission.

c. Investigation of a German National residing in the neighborhood of an operational house who has aroused the suspicion of the occupants of the house.

4. Emigration: HARVARD is currently processing CABALLETTA 2's application for emigration under the new refugee quota. Necessary documents and certificates are being collected by CABALLETTA 2. Inasmuch as the new bill has not been put into effect in Germany, it is too early to determine whether his service in the Waffen SS will still prove an obstacle to emigration as it did under the USDPC Act. Review of CABALLETTA 2's DPC file revealed that his case was rejected under Section 13 of the DP Act, but that his case was under appeal upon expiration of the DP quota. Favorable final comments in the file by DPC reviewing officers indicated that CABALLETTA 2's case should not be formally considered at that late date in that his appeal would necessarily be rejected without further evidence as to the solely military nature of his "conscription" into the SS; the DPC reviewing officers suggested that CABALLETTA 2 pursue his emigration attempts at a local U. S. Consulate. In the event CABALLETTA 2 qualifies under the new quota but fails to find a sponsor, pertinent information will be forwarded to Headquarters requesting assistance. He is currently exploring possibilities for sponsorship on his own but has made no progress to date. In the event he fails to qualify under the new quota, the COM CART Branch is prepared to request that Headquarters process CABALLETTA 2 under the special KUBARK quota.

5. Contact Information: Approximately eight meetings were held with CABALLETTA 2 per month during the reporting period. The undersigned currently travels to within two blocks of alternating contact points via German Mission motor pool vehicles (blocked license plates) and walks to where CABALLETTA 2's vehicle is parked. Investigation requests and reports are exchanged within CABALLETTA 2's vehicle after driving to other locations in the Frankfurt area. Contact places and times are arranged in advance at every meeting, and the undersigned telephones CABALLETTA 2 at his residence only in emergency. CABALLETTA 2 has no way to contact the undersigned directly in an emergency but could do so indirectly through his U. S. Forces, European Theatre (USFET) identity card (see paragraph 9 below).

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6. Agent Information: CABALLETTA 2 is continuing his part-time studies in architecture at the Darmstadt Institute of Technology. He intends to complete one more design problem to enable him to qualify for the June 1951 architectural examinations. If he passes the examinations he will receive his degree in architecture. CABALLETTA 2 does not have to attend classes at the Darmstadt school but completes all his design problems at home. The design problems usually require from two to three months to complete. Upon completion of a problem, he must take it to a Darmstadt professor for correction and evaluation. CABALLETTA 2 and his former "steady" girl friend (point 15 of PRQ Part I) have broken off relations, and he thus spends almost all of his free time with his design work.

7. Cover: CABALLETTA 2's cover to social acquaintances with whom he has infrequent contact is that of a student at the Darmstadt School. He explains questions as to means of livelihood by stating that Estonian friends in the United States are financing his education and that he intends to repay these friends after his emigration to the United States. (He actually has six such friends listed in his PRQ Part I.) However, to close acquaintances and his landlord, he has claimed employment with the U. S. Army in Frankfurt. He has a USFET identity card which he occasionally utilizes when on our assignments which presents him as being employed with the Allied Forces in Germany. He possesses a World's YMCA-YWCA identity card (which he validates himself when necessary) which enables him access to certain records and affords him non-U. S. Government cover on pertinent investigations. The latter card was issued to him during his employment with World's YMCA-YWCA from 1949 to 1951. Although not backstopped, CABALLETTA 2 keeps informed regarding YMCA matters and has never been questioned when using the document. He has used various "on the spot" covers, and has utilized German Criminal Police cover on occasion. (He is well informed on Frankfurt Kripo organization and activities and has never been questioned while utilizing this cover.)

8. Actual Cover: CABALLETTA 2's lack of a "concrete" cover was to be remedied through establishment of a military cover designation for the former Police Investigative Net. When the Investigative Net was terminated, plans for integrating CABALLETTA 2 into this cover unit were also terminated. This lack of cover could present a problem in the unlikely event German tax authorities initiated an investigation of CABALLETTA 2's source of financial support. CABALLETTA 2 has not paid personal income taxes to the German Government since his EOD with KUBARK in late 1951. HARVARD has advised that non-German Nationals processed by them have not had difficulty along similar income tax lines. In the event such trouble did arise in a routine manner (not out of his activities for us), a letter could be sent to CABALLETTA 2 from the United States, backstopped accordingly, discussing an alleged "schooling loan" of, say, DM 4,000.00 which a former resident of Germany had given

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to CABALLETTA 2 before the former resident's departure to the United States. CABALLETTA 2 could show the letter to German tax authorities and offer to pay taxes on the "loan". Another possibility, in the event the tax investigation were initiated with regard to his official activities for us, would be the sending of a letter from a backstopped Army cover designation in Heidelberg which explains that through an "administrative error" in accounting, taxes on the salary of one of the civilian employees of the unit (CABALLETTA 2) had not been paid. The letter could request a tax bill on his "total" salary of DM 300.00 per month since January 1952. The above two courses of action are presented only to indicate that the problem is under observation. CABALLETTA 2, who lives with the income tax problem from day to day, has investigated possibilities of such a tax investigation being initiated and has confidence that no basis for investigation will come to the attention of German authorities.

9. Operational Security: In the event CABALLETTA 2 runs afoul of or is detained by the German Police while performing investigations on our behalf, he has been instructed to request our aid (through his USFET card) only if circumstances demand it. In the Frankfurt area his close association with the police contacts mentioned in EGQA 15999 may be sufficient to answer routine inquiries from local German Police and possibly from the Hessian Landesamt fuer Verfassungsschutz (LFV), West German security agency. He has been continually instructed, especially when operating in the British or French Zones or outside the Frankfurt area, that discretion should be favored in all cases over possible results obtainable. In the event a reference to his Frankfurt police contacts (and a consequent statement from them that he is "OK") is not sufficient to extricate him from a given situation, he has been instructed to display his USFET card (if not already shown) and request that his employment be verified through contact with Army authorities in Heidelberg. The USFET card is backstopped and his employment with the U. S. Army would be verified by Heidelberg after coordination with the German Mission. In the event that CABALLETTA 2 has come to the attention of the LFV and/or the Opposition (which could have occurred in view of his current duties for the German Mission), it must be assumed that the LFV/Opposition have the necessary facilities to monitor CABALLETTA 2's activities. Inasmuch as the large percentage of CABALLETTA 2's cases are security or CI type cases, the LFV/Opposition would be monitoring for the most part investigations of individuals suspected of having, or known to have, subversive connections. They could possibly trace his investigations of our non-operational service personnel to overt cover unit installations (CABALLETTA 2 does not currently receive cases where in a sensitive asset, such as a safe apartment, can be directly identified). These considerations have been weighed; the results of CABALLETTA 2's investigative activities and the impractical amount of LFV/Opposition energy which would be necessary to monitor his varied activities are considered to warrant his continued utilization. It is also realized that CABALLETTA 2's police contacts might be reporting all the cases he presents to them to higher police or LFV authorities. Our only other channel to the German Police is through CIC, wherein official U. S. intelligence interest is displayed for possible relay.

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10. Personal Security: CABALLETTA 2 has a healthy respect for the Opposition and states that his official and personal activities are governed accordingly. Counter-surveillance measures are taken by CABALLETTA 2 and the undersigned prior to and after contact meetings. Every piece of paper (typed investigation requests) given by the undersigned to CABALLETTA 2 is returned when the paper has served its intended purpose. He has repeatedly been instructed not to maintain any personal records regarding work performed for us, and an LCFLUTTER test to be administered to him will dwell on this point to a considerable extent. CABALLETTA 2 has never received an LCFLUTTER, and arrangements are being made to run him as soon as practical considerations allow. Mail and telegraph communications intercepts are periodically maintained on CABALLETTA 2. The intercepts have uncovered nothing further (with the exception of [ ]'s letter to CABALLETTA 2 from the United States) than the known fact that CABALLETTA 2 is a fair hand with the opposite sex. CABALLETTA 2 admittedly cannot handle alcoholic beverages to any great extent; he claims a tired feeling after one or two beers. He seems to know his capacity and has given the undersigned no cause for alarm along these lines. His activeness with regard to the opposite sex proves that his hormones are well in balance but also presents an obvious security consideration. He is continually questioned regarding this and has never withheld information or attempted to rationalize. Since breaking off relations with his former "steady" girl friend, he claims occupation only with his studies. CABALLETTA 2 stoutly maintains that he never discusses his work with any personal acquaintances. The LCFLUTTER will also cover this point.

11. Knowledgeability: The undersigned is known to CABALLETTA 2 by alias. CABALLETTA 2 knows the true name of [ ]'s staff officer who established the former Police Investigative Net (PIN). CABALLETTA 2's knowledge of the functioning of the PIN, as stated in WFOA 15999, can be considered practically as great as that of [ ]. His personal friendship with [ ] presents a security consideration to [ ]'s CABARIG work which prompted enlisting HARVARD assistance on behalf of CABALLETTA 2's emigration attempts. Since January 1953 he has not been utilized in cases wherein German Mission operational assets could be directly identified. CABALLETTA 2 and his locally checked police contacts could, while investigating possible derogatory leads on non-operational indigenous service personnel, pinpoint certain of our overt cover installations (motor pool, Griesheim depot, etc.) as employing personnel of interest to American intelligence. It is felt that the variety of cases he receives which do not relate directly to German Mission assets have a dampening effect in this regard. In the immediate future, as soon as the work load permits, CABALLETTA 2's debriefing will be initiated. Names of indigenous residents of Frankfurt and the surrounding areas will be selected from telephone directories, checked against Mission files, and if Mission traces are

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negative, funneled to CABALLETTA 2 for investigation. The investigation requests will include police records checks and will thus also serve as a debriefing measure for CABALLETTA 2's police contacts. Any discussion of the knowledgeability of CABALLETTA 2 and his police contacts must reference the CADOST affair, inasmuch as CADOST members were investigated by CABALLETTA 2 prior to the expose. Headquarters has previously received a report regarding the PIN with respect to CADOST involvement.

12. Finances: CABALLETTA 2's expenditures during the first five months of FY 54 have been within budget limitations. CABALLETTA 2's FY 54 budget of \$2952.00 was forwarded under OOA per EGQA 16757 of 19 May 1953. Please advise the allotment account of CABALLETTA 2's expenses and correct the erroneous allotment of \$800.00 for CABALLETTA 2's salary and expenses which was written into the CABARIC Project budget (see EGQW 11105 of 15 October 1953). CABALLETTA 2's average monthly expenses have been \$242.41 (conversion of Deutsche Marks to Dollars at rate of 4.2 DM to \$1.00 leaves 4) for the five months of FY 54. The total budget (excluding the mis-allocated \$800.00) provides an average monthly expenditure of \$246.00 per month. CABALLETTA 2 is thus \$3.59 per month, or a total of \$17.90 below the allotted amount of \$1,230.00 for the initial FY 54 five month period. An unforeseen expenditure arose during the month of October in the form of a payment of DM 158.70 (\$37.39) for tax on the indigenous cover vehicle turned in by CABALLETTA 10. An explanation of this amount is forwarded herewith as attachment 1. The expenditure was approved by the Acting Chief, A&L, on 14 October 1953. The budgeted amount remaining for expenditure during FY 54 is \$1,739.94, or an allotment of \$248.56 per month. With variables of volume of work load and amount of official travel required, it is felt that the budgeted FY 54 amount will not be exceeded. CABALLETTA 2 has not been given a salary increase since April 1952. His salary of DM 400.00 per month will remain the same if the current work load is maintained. If the work load decreases, his salary will be decreased accordingly.

13. Revised Contract: A revised contract for CABALLETTA 2 was forwarded to the German Mission per EGQW 9827 dated 24 August 1953. In view of CABALLETTA 2's impending termination in 1954 and the possibility that if work load decreased his salary would be correspondingly decreased, the contract was not submitted to CABALLETTA 2 for signature. It is felt that, in view of CABALLETTA 2's present uncertain future, it would be inadvisable to have him sign a new contract. If his employment is to be continued in FY 55 (if his emigration fails and other considerations allow) it might become advisable to have CABALLETTA 2 sign the revised contract at a later date.

14. Effectiveness: CABALLETTA 2's reports still leave much to be desired. To a large extent his lack of complete command of the English language makes his reporting less than desirable. He also continues to omit pertinent information which must be obtained orally during an on the spot review of each report submitted. His reports must be edited before forwarding. In certain cases his reports have more recently

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approached acceptability; one of his raw reports was forwarded to Headquarters per EGQA 27657 of 19 October 1953. He listens to English language broadcasts over the Armed Forces Network and practices English during contacts with the undersigned. The devotion of most of his free time to his design work precludes any concentrated effort to perfect the language. His deficiencies in reporting technique (which is gradually being corrected by continued concentration to detail during oral review of his reports) are counterbalanced by the completion, in most cases, of the investigative action requested. He has left certain investigations incomplete wherein he felt the risk involved did not warrant the results obtainable; the undersigned has approved his decision in all such cases. He has shown resourcefulness when developing temporary covers and has posed successfully as an insurance salesman, an appliance delivery and credit representative, a German emigration official, a friend of a distant relative, etc. A possible point in his favor lies in the fact that we have never received a trace request from CIC, ZIPPER, the LFV, or other agencies inquiring as to his activities. His duties have been such that he could easily have come to the attention of one of the above organizations to the extent where in a trace would have been initiated.

15. Conclusions: In view of CABALLETTA 2's overall knowledgeability it is felt that he should not remain in West Germany indefinitely. The Chief, COM CART Branch, is of the opinion that CABALLETTA 2's personal friendship with [ ] presents a security consideration to CABARIC, which would in itself warrant CABALLETTA 2's processing under the special KUBARK quota. CABALLETTA 2 states that he would consider emigration to Canada only after all attempts at emigration to the United States have failed. He is prepared to leave Germany for the United States immediately upon completion of his Darmstadt studies; he understandably wants to complete his schooling prior to emigration (he has doggedly kept up his architecture studies for nine semesters). For control purposes and for the worthwhile service he performs and has performed for over two years, it is also felt that he should continue in KUBARK employ, as outlined herein, until his emigration.

APPROVED:

Dist:

3 - EE (2 att)  
1 - KUSODA (Attn: [ ] (1 att))

1 Encl

Date of Origin: 11 December 1953

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